

## Message Text

UNCLASSIFIED

PAGE 01 ABIDJA 04840 01 OF 02 220926Z  
ACTION EB-08

INFO OCT-01 AF-10 ISO-00 AID-05 CIAE-00 COME-00 FRB-01  
INR-10 NSAE-00 ICA-20 XMB-04 OPIC-06 SP-02 LAB-04  
SIL-01 OMB-01 /073 W  
-----076242 220952Z /11

R 220827Z MAY 78  
FM AMEMBASSY ABIDJAN  
TO DEPT OF TREASURY WASHDC  
AMEMBASSY BAMAKO  
INFO SECSTATE WASHDC 8811

UNCLAS SECTION 1 OF 2 ABIDJAN 4840

DEPT PASS NAC AGENCIES

E.O. 11652 N/A  
TAGS: AFDF, EAID, EFIN  
SUBJ: AFRICAN DEVELOPMENT FUND LOAN FOR MALI  
MARKALA-NIONO ROAD

SUMMARY: AFRICAN DEVELOPMENT FUND MANAGEMENT  
PROPOSES 8.5 MILLION FUND UNIT OF ACCOUNT (FUA  
EQUAL TO US \$1.11) LOAN TO THE GOVERNMENT OF THE  
REPUBLIC OF MALI TO FINANCE A PORTION OF 71.4 KM  
ROAD LINKING MARKARA AND NIONO IN THE SOUTH WEST  
REGION OF THE COUNTRY. TOTAL COST OF PROJECT  
EQUAL TO 13.5 MILLION FUA TO BE CO-FINANCED WITH  
GOM. END SUMMARY.

1. AFDF DOCUMENT DB/78/42 AND ATTACHEMENTS  
DESCRIBING LOAN POUCHED TO NAC AGENCIES MAY 16,  
1978. REQUEST AMEMBASSY BAMAKO CABLE ANY VIEWS  
ON PROJECT TO ASSIST NATIONAL ADVISORY COUNCIL  
DELIBERATIONS ON U.S. BOARD POSITION. BOARD  
CONSIDERATION SCHEDULED FOR JUNE 7, 1978.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 ABIDJA 04840 01 OF 02 220926Z

2. AFDF MANAGEMENT PROPOSES 8.5 MILLION FUA  
LOAN TO GOM TO FINANCE 63 PERCENT OF COST OF  
A) CONSTRUCTION OF A 71.4 KM ROAD LINKING MARKARA  
AND NIONO AND B) SUPERVISION OF WORKS. TOTAL  
PROJECT COSTS EQUAL TO 13.5 MILLION FUA WITH  
BALANCE OF FINANCING TO BE PROVIDED BY GOM.  
PROJECT COST BREAKDOWN IS AS FOLLOWS: ROAD

CONSTRUCTION, 9.4 MILLION FUA (OF WHICH 5.8 MILLION FOREX); SUPERVISION OF WORKS, 478 THOUSAND FUA (287 THOUSAND FOREX). IN ADDITION, ALLOWANCE FOR PHYSICAL CONTINGENCIES OF FIVE PERCENT AND ALLOWANCE FOR 12 PERCENT ANNUAL PRICE ESCALATION OVER TWO YEAR CONSTRUCTION PERIOD TOGETHER EQUAL 3.5 MILLION FUA (1.5 MILLION FOREX). AFDF LOAN WILL BE USED TO MEET ALL FOREX COSTS OF PROJECT. GOM TO MEET ALL LOCAL COSTS EQUAL TO 5 MILLION FUA. PROCUREMENT OF GOODS AND SERVICES TO BE UNDER AFDF INTERNATIONAL BID PROCEDURES WITH EXCEPTION OF SOME SUPERVISORY PERSONNEL WHO WILL BE RECRUITED LOCALLY. PROPOSED TERMS OF AFDF LOAN: 50 YEARS AMORTIZATION INCLUDING TEN YEARS GRACE, 0.75 PERCENT SERVICE CHARGE. GOM TO BE BORROWER, DEPARTMENT OF TRANSPORT INFRASTRUCTURE TO BE EXECUTING AGENCY.

3. THE PROPOSED ROAD WOULD BE CONSTRUCTED AS PART OF A GOVERNMENT PROGRAM AIMED AT PROVIDING THE TRANSPORT INFRASTRUCTURE NECESSARY FOR AGRICULTURAL DEVELOPMENT AND EVACUATION AND DISTRIBUTION OF FOOD PRODUCTS. IT WOULD BECOME AN EXTENSION OF THE BAMAKO-SEGOU-MARKARA BITUMEN SURFACED ROAD AND WOULD SERVE THE NIONO AND MACINA DISTRICTS WHICH ARE THE MAJOR RICE AND SUGAR PRODUCING CENTERS IN MALI. THE REGION HAS ALSO UNCLASSIFIED

UNCLASSIFIED

PAGE 03 ABIDJA 04840 01 OF 02 220926Z

BEEN DEEMED SUITABLE FOR MILLET PRODUCTION AND ANIMAL HUSBANDRY. THE PROPOSED ROAD WOULD SUPPLANT WHAT IS NOW AN EARTH TRACK WHOSE ROADBED IS IN MANY PLACES ALMOST NON-EXISTENT. THE TRACK IS OFTEN IMPASSABLE, PARTICULARLY DURING THE RAINY SEASON. THE PROPOSED ROAD IS A BITUMEN SURFACED ROAD, EIGHT METERS WIDE WITH A SIX METER ROAD SURFACE AND TWO SHOULDERS EACH OF ONE METER. IT WILL BE AN EMBANKMENT ROAD WITH AN AVERAGE SURFACE ELEVATION OF 1.10 METERS. THE SURFACE WILL BE A DOUBLE LAYER OF 3 CM AVERAGE THICKNESS. NO MAJOR BRIDGE WILL BE CONSTRUCTED, BUT THE CONSTRUCTION WILL INCLUDE CONCRETE DRAINAGE STRUCTURES AND RETENTION BASINS TO FACILITATE CROSSING AT LOW POINTS. ENGINEERING STUDIES AND DESIGN WERE COMPLETED BY AN AMERICAN FIRM, HARRIS CONSULTANTS.

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 ABIDJA 04840 02 OF 02 220951Z  
ACTION EB-08

INFO OCT-01 AF-10 ISO-00 AID-05 CIAE-00 COME-00 FRB-01  
INR-10 NSAE-00 ICA-20 XMB-04 OPIC-06 SP-02 LAB-04  
SIL-01 OMB-01 /073 W  
-----076384 220952Z /11

R 220827Z MAY 78  
FM AMEMBASSY ABIDJAN  
TO DEPT OF TREASURY WASHDC  
AMEMBASSY BAMAKO  
INFO SECSTATE WASHDC 8812

UNCLAS SECTION 2 OF 2 ABIDJAN 4840

DEPT PASS NAC AGENCIES

4. THE ECONOMY OF THE REGION TO BE SERVED IS MANAGED MAINLY BY THE "OFFICE OF NIGER" WHICH IS A GOVERNMENT ESTABLISHED AGENCY CHARGED WITH AGRICULTURAL DEVELOPMENT. THE OFFICE HAS BEEN INSTRUCTED BY THE GOVERNMENT TO CONCENTRATE ITS EFFORTS ON RICE PRODUCTION WHICH IS EXPECTED TO INCREASE BY TEN PERCENT ANNUALLY THROUGH INTRODUCTION OF IMPROVED VARIETIES, IMPROVED TECHNIQUES AND AN INCREASE IN AREA CULTIVATED. SUGAR CANE PRODUCTION IS EXPECTED TO ALMOST DOUBLE IN THE NEXT SEVERAL YEARS RISING FROM A CURRENT PRODUCTION LEVEL OF 220 THOUSAND TONS PER YEAR TO 400 THOUSAND TONS PER YEAR. ONE AND PERHAPS TWO ADDITIONAL PROCESSING PLANTS WILL BE CONSTRUCTED IN THE VICINITY. THE OFFICE INTENDS TO INTRODUCE CATTLE PRODUCTION TO THE REGION WITH ESTABLISHMENT OF A BREEDING RANCH NORTH EAST OF NIONO. THIS IS THE RICHEST PASTURE LAND IN MALI WITH ABUNDANT WATER, FODDER, AND A HEALTHY ENVIRONMENT. PLANS CALL FOR ANNUAL PRODUCTION OF TEN THOUSAND HEAD OF CATTLE IN 1981 REACHING A FIGURE OF PERHAPS 20 THOUSAND HEAD PER YEAR BY 1990. THE PROPOSED ROAD IS VIEWED AS ESSENTIAL TO ASSIST IN  
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 ABIDJA 04840 02 OF 02 220951Z

EVACUATION AND DISTRIBUTION OF THE INCREASED AGRICULTURAL AND CATTLE PRODUCTION.

5. AVERAGE TRAFFIC VOLUME ON THE EXISTING ROUTE OVER THE PAST FIVE YEARS IS 50 VEHICLES PER DAY,

WITH THE AVERAGE INCREASE BEING SIX PERCENT PER YEAR. AVERAGE DAILY TRAFFIC IN 1976 WAS 74 VEHICLES. THE SIX PERCENT ANNUAL GROWTH RATE IS EXPECTED TO REMAIN CONSTANT.

6. ROAD MAINTENANCE IN MALI HAS BEEN INADQUATE WITH 31 PERCENT OF THE EXISTING NETWORK MAINTAINED IN 1975, 35 PERCENT IN 1976 AND 35 PERCENT IN 1977. THE WORLD BANK (IDA), THROUGH ITS SEVERAL ROAD PROJECTS IN MALI (FIRST, SECOND, THIRD, AND PROPOSED FOURTH ROAD PROJECTS) IS ASSISTING IN CORRECTING THE SITUATION. VARIOUS METHODS OF GENERATING ADDITIONAL ROAD MAINTENANCE FUNDS ARE UNDER CONSIDERATION INCLUDING INCREASED BUDGET ALLOCATIONS AND INITIATION OF TOLLS. FINANCING OF MAINTENANCE HOWEVER, IS EXPECTED TO REMAIN A PROBLEM AND THE PROPOSED IDA FOURTH ROAD PROJECT IS THEREFORE REGARDED AS ESSENTIAL TO FUTURE MAINTENANCE ACTIVITIES.

7. IN DETERMINING ECONOMIC BENEFITS OF THE ROAD, BETWEEN THE YEARS 1982 AND 2000 (END OF PROJECT LIFE) THE FOLLOWING ASSUMPTIONS WERE USED: A) TRANSPORTATION OF RICE AND PADDY ALONG THE AXIS WILL INCREASE AT AN ANNUAL RATE OF TEN PERCENT B) TRANSPORTATION OF FUELS AND SUPPLIES ASSOCIATED WITH RICE PRODUCTION WILL INCREASE AT THE SAME RATE; C) SUGAR WILL BE 25 THOUSAND TONS IN 1981 AND 45 THOUSAND TONS IN 1985, WITH NO CHANGE THEREAFTER: D) LIVESTOCK UNCLASSIFIED

UNCLASSIFIED

PAGE 03 ABIDJA 04840 02 OF 02 220951Z

TRANSPORTATION WILL AMOUNT TO TEN THOUSAND HEAD IN 1981; INCREASING TO 20 THOUSAND IN 1990; NO CHANGE THEREAFTER: E) OTHER TRAFFIC TO INCREASE AT AN ANNUAL RATE OF SIX PERCENT. RESIDUAL VALUE OF ROAD IS ESTIMATED AT 20 PERCENT AFTER 20 YEARS. UNDER ABOVE CONDITIONS ECONOMIC RETURN ESTIMATED AT BETWEEN 11 AND 12 PERCENT. A 20 PERCENT INCREASE IN CONSTRUCTION COSTS DROPS RETURN TO TEN PERCENT; IF RICE PRODUCTION INCREASES AT ANNUAL RATE OF 12.5 PERCENT RATHER THAN ANTICIPATED TEN PERCENT, RETURN CLIMBS TO APPROXIMATELY 14 PERCENT. COOKE

UNCLASSIFIED

NNN



## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CONSTRUCTION, DEVELOPMENT LOANS, HIGHWAY TRANSPORTATION  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 22 may 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 jan 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978ABIDJA04840  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780215-0068  
**Format:** TEL  
**From:** ABIDJAN  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t19780535/aaaabdjx.tel  
**Line Count:** 216  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 4ece8a99-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EB  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 29 mar 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** N/A  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2622271  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** AFRICAN DEVELOPMENT FUND LOAN FOR MALI MARKALA-NIONO ROAD SUMMARY: AFRICAN DEVELOPMENT FUND MANAGEMENT  
**TAGS:** EAID, EFIN, ECRE, ML, AFDF  
**To:** TRSY BAMAKO  
**Type:** TE  
**vdkgvkey:** odbc://SAS/SAS.dbo.SAS\_Docs/4ece8a99-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014